

# HOLT - Providing Smarter Investment Decisions



## Why HOLT?

HOLT's approach and flexible analytical platform, evolved over 40 years, provides an objective view of over 20,000 companies including 10,500 in the Asia Pacific region. This provides investors with an extremely robust perspective to add to their investment process. While the street is generally focused on accounting data and EPS growth, HOLT's methodology corrects for subjectivity and converts accounting data into cash based metrics, which more closely approximates a company's underlying economics.

## Commitment to Continuous Improvement: New Features in HOLT Lens™

Credit Suisse HOLT is committed to continuous improvement and providing clients with unique insights into corporate performance and valuation. We would like to highlight four significant enhancements in HOLT Lens: the **4-Factor Discount Rate** (from Nov 28, 2021, Preview available now), **Factor Library & Scorecard Enhancement** (also from Nov 28, Preview now), **Bloomberg Integration** and the new **Segment Valuation Module**.

## New 4-Factor Discount Rate in HOLT Lens

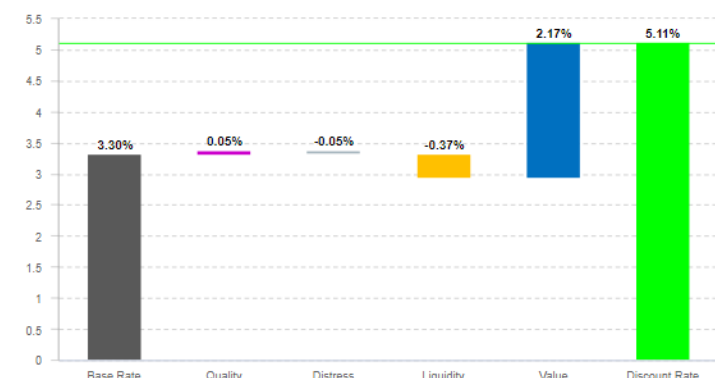
The HOLT model currently measures firm risk using two key explanatory factors: size and leverage, which proxy for liquidity and distress. HOLT research into company-specific risk has determined that the inclusion of two additional factors - Value and Quality - provides a more complete explanation of firm risk. More accurate estimations of risk (via the Discount Rate) will result in better estimates of firm value in HOLT's DCF model, making it more insightful and robust across a wider range of companies. A Preview Report showing 4-Factor Discount Rate details and its impact on firm valuation is available now. HOLT Lens will convert to using the 4-Factor Discount Rate on November 28, 2021.

## Four-Factor Discount Rate

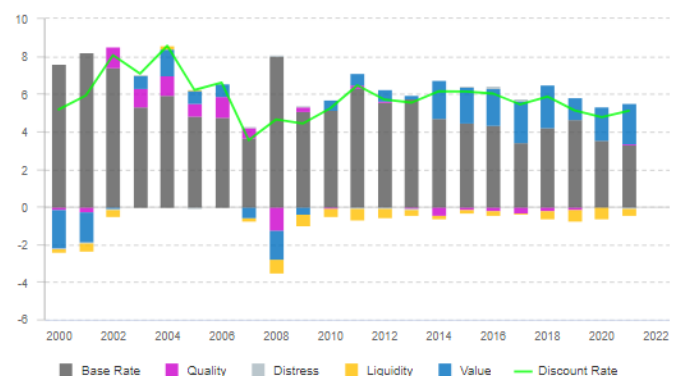
Preview

Company  Base Rate  Quality  Distress  Liquidity  Value

### Four-Factor Discount Rate



### Historical Four-Factor Discount Rate Contribution



Calendar Year	2014	2015	2016	2017	2018	2019	2020	112021
Fiscal Year	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022
Currency	INR	INR	INR	INR	INR	INR	INR	INR
Discount Rate								
Base Rate, %	4.72	4.51	4.35	3.43	4.24	4.65	3.55	3.30
Adjustments								
Quality Adjustments, %	-0.41	-0.11	-0.16	-0.29	-0.19	-0.12	0.01	0.05
Distress Adjustments, %	-0.03	0.02	0.14	0.14	-0.02	0.00	-0.01	-0.05
Liquidity Adjustments, %	-0.14	-0.20	-0.27	-0.05	-0.42	-0.61	-0.58	-0.37
Value Adjustments, %	2.01	1.90	1.95	2.21	2.24	1.20	1.80	2.17
Company Discount Rate, %								
	6.15	6.13	6.02	5.44	5.86	5.12	4.77	5.11

Source: Credit Suisse HOLT Lens

## HOLT Factor Library & Scorecard Enhancement

The HOLT Scorecard and Factor Library dataset consolidates key metrics and concepts from the HOLT framework into a set of fundamental factors that can be scored and ranked relative to a universe for use in screening, portfolio analytics, and as signals in quantitative models. HOLT has now launched several enhancements in the Scorecard:

- **Valuation:** Updated the composite factor & incorporated the % Upside/Downside using the 4-Factor Discount Rate
- **Renaming:** The Risk factor will be renamed **Low Volatility** and the Market Implied Discount Rate factor will be renamed **Market Implied Yield**
- **Risk:** Improved the Long-Term Beta and Long-Term Volatility factors for companies with short histories
- **Facets:** Size facet adjustments for some companies with one EPS estimate & refinements to size unconstrained ranks
- **Additional Factors:** **Market Derived Discount Rate** and **Systematic Value** will be added to the Factor Library

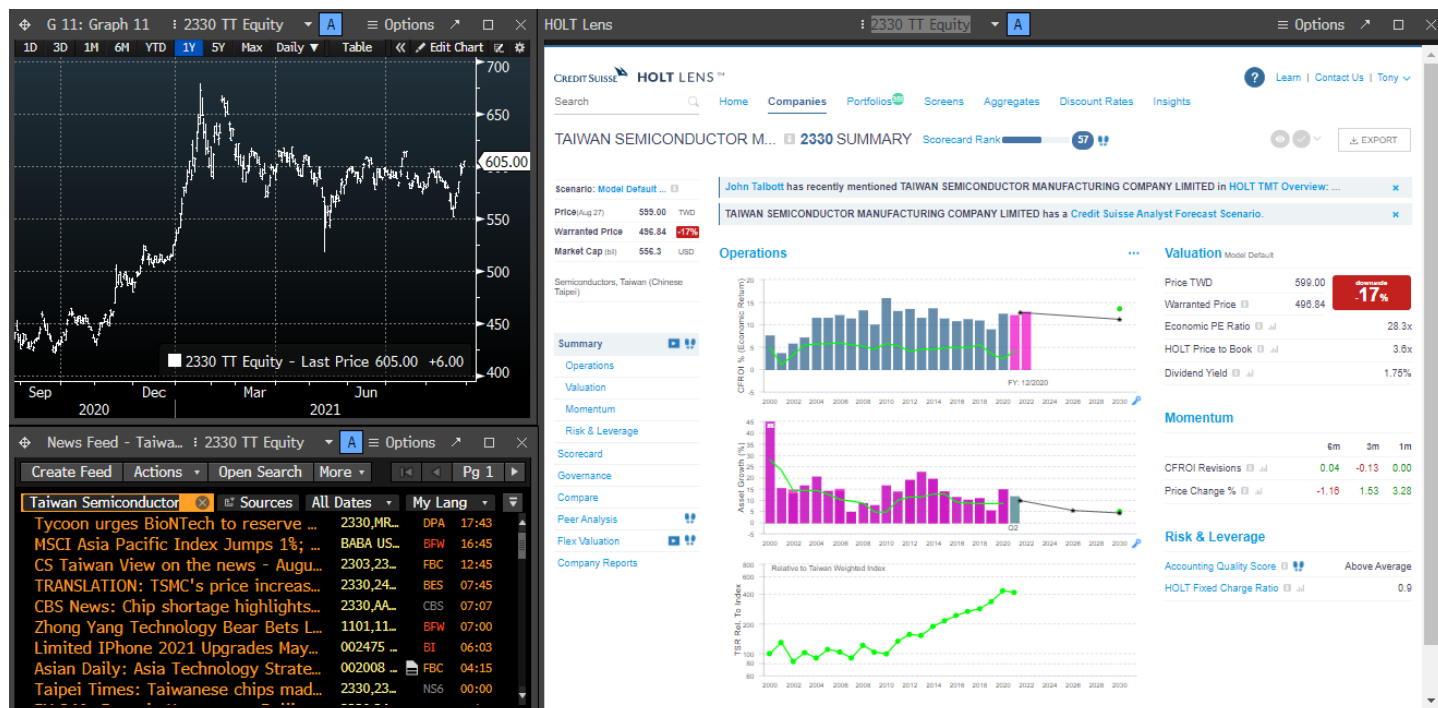
## Comparison of current and updated HOLT Valuation Composite Factor:

Valuation	% Weight (Current)	% Weight (New)
% Upside/Downside	50	20
Market Implied Yield	0	24
Economic P/E	30	16
HOLT Price/Book	10	24
Dividend Yield	10	16

Previews of Factor Library data that incorporate these enhancements will be available in HOLT Lens starting August 31 and will be fully implemented on November 28, 2021 alongside the 4-Factor discount rate introduction.

## HOLT Lens Integration with Bloomberg

In an effort to make the HOLT Lens more easily accessible and more integrated with clients' daily working environments, it can now be accessed using Bloomberg Launchpad. This removes the requirement to log into Lens separately and enables Lens to be incorporated into a Launchpad view with other Bloomberg features.

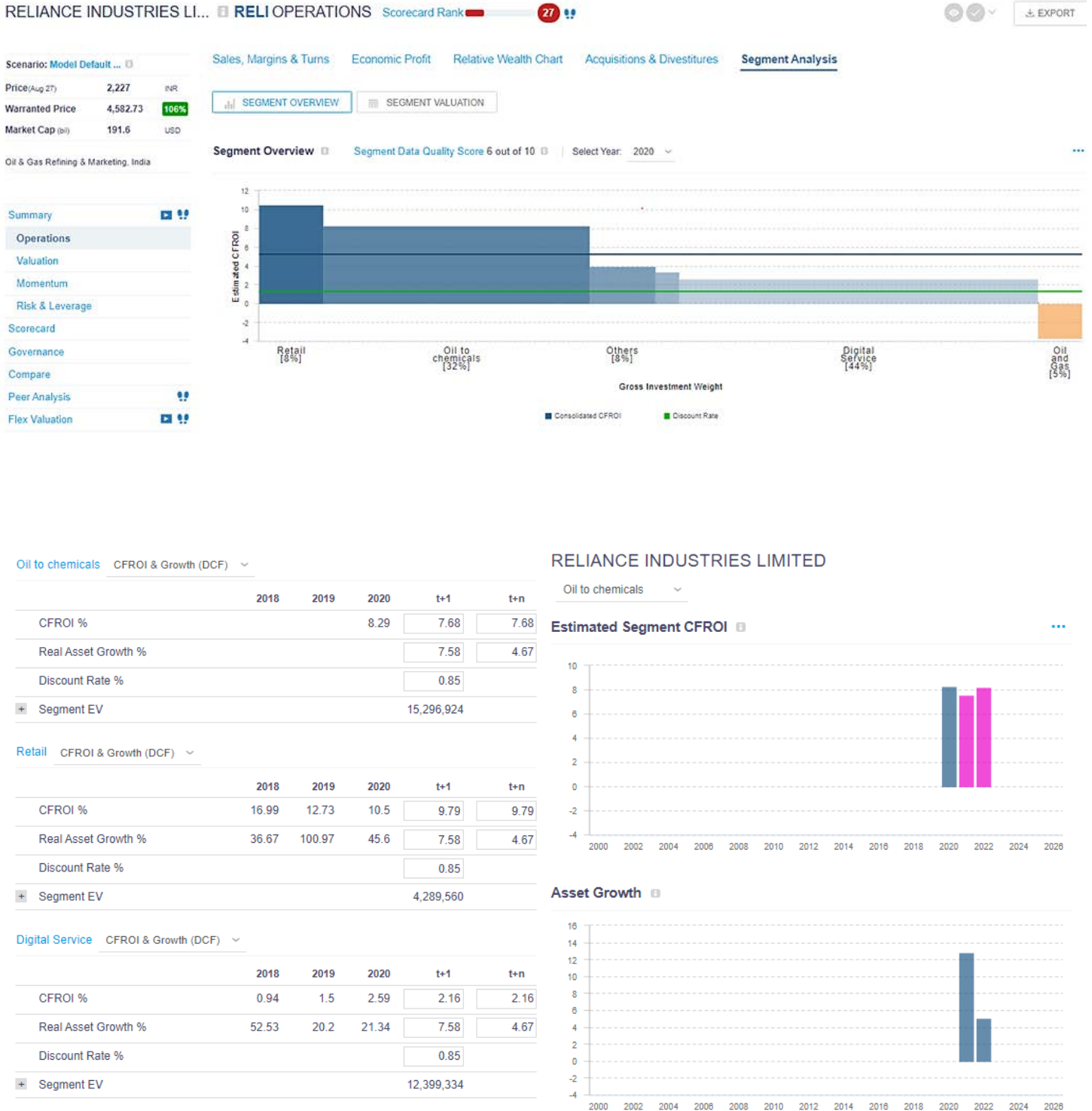


## Segment Valuation in HOLT Lens

HOLT's systematic and consistent segment model **estimates segment CFROI** by decomposing a company's consolidated CFROI into its reported segments where sufficient segment level data is disclosed. The **new Segment Valuation module** enables the valuation of each segment on a stand-alone basis and can produce a **Sum of the Parts (SOTP) valuation** to

appropriately capture segment level dynamics. The Segment Valuation can be performed by modeling forecast CFROI and Growth rates in the same manner as modelling consolidated companies in Flex Valuation or using multiples (EV/EBITDA, EV/Sales, HOLT P/B) at the segment level.

## Segment Analysis for Reliance Industries (RELI)



Source: Credit Suisse HOLT Lens

HOLT Asia  
Contacts

Jonathan Tischler  
Head of HOLT APAC  
+81 3 4550 7445  
[jonathan.tischler@credit-suisse.com](mailto:jonathan.tischler@credit-suisse.com)

Tony Simpson  
HOLT Sales Singapore  
+65 6212 4629  
[tony.simpson@credit-suisse.com](mailto:tony.simpson@credit-suisse.com)

Chintan Parikh  
HOLT Sales Hong Kong  
+852 2101 7494  
[chintan.parikh@credit-suisse.com](mailto:chintan.parikh@credit-suisse.com)



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